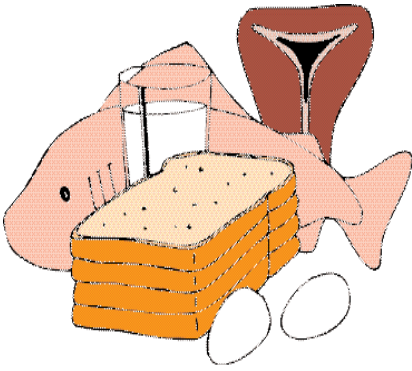


# MISSOURI'S SALES TAX REDUCTION ON FOOD



Section 144.014, RSMo provides a reduced tax rate for certain food sales. The rate for food sales was reduced by 3%, from 4.225% to 1.225%. The 3% reduction applies to all types of food items that may be purchased with Food Stamps. This includes food or food products for home consumption, seeds and plants for use in gardens to produce food for personal consumption and food items refrigerated or at room temperature. All local sales taxes continue to apply to all food and beverage sales. The General Assembly passed a bill in 1999 to redefine food subject to the reduced state sales tax rate. Except for vending machine sales, the reduced rate for food items shall not

include food or drink sold by any establishment where the gross receipts derived from the sale of food prepared by such establishment for immediate consumption constitutes more than 80% of the total gross receipts of that establishment, regardless of whether such prepared food is consumed on the premises of that establishment, including, but not limited to, sales of food by any restaurant, fast food restaurant, delicatessen, eating house or café. Please see the examples provided below.

## EXAMPLES:

- *A grocery store sells nonfood items and qualifying food items. The store will charge the regular tax rate on the nonfood items and the reduced tax rate on the qualifying food items.*
- *A vending machine company provides two vending machines to a business. One machine is for cold items and one machine keeps items hot. Only the cold items are eligible for the reduced tax rate. The hot items are subject to the regular tax rate.*
- *A vending machine company sells popcorn and soup in microwave pouches and containers. These items are sold at room temperature and are heated by the purchaser in a microwave provided in the vending area. These items are eligible for the reduced rate.*
- *A convenience store sells burritos from its freezer. The convenience store provides a microwave so the purchaser can heat food. The sale of the burrito is taxed at the reduced rate because it is a qualifying food item.*
- *A fast food restaurant sells cold salads and cold soft drinks. These cold items represent approximately 10% of total gross receipts. Because the restaurant's total food sales of items prepared for immediate consumption are more than 80% of the total sales, the restaurant should charge the regular tax rate on all its food sales, including the cold salads and softdrinks.*
- *A convenience store sells prepared cold sub sandwiches, ice cream and cold drinks. The store also prepares and sells hot dogs and chili. All items are sold "to go". The store should charge the reduced tax rate on the cold items, but should charge the regular tax rate on the hot items.*
- *A grocery store sells donuts in its bakery department. Even though these donuts may still be warm from baking, the donut sales are taxed at the reduced rate.*

**For more information, please contact the Taxation Bureau by e-mailing [salesuse@dor.mo.gov](mailto:salesuse@dor.mo.gov) or calling (573) 751-2836.**